been unduly exaggerated. Evidence is strong that there is building up in these Islands a true general Philippine culture around which future development will revolve. A blending of diverse elements in the population has been going on continuously for 2,000 years, and has been especially rapid during the Spanish and American periods due to the greater peace and order and freer communication.

The increasing homogeneity in the population is not a mere altruistic hope. There is strong scientific basis for holding that seemingly discordant and non-fusable elements not only can be but are *being* fused. From the time of Dr. Jose Rizal down to the present the opinion has been held by many American and Filipino authorities that among the non-Christian population are elements that constitute a strong asset for the future Philippines.

The pagan, Moro, and other non-Christian peoples possess essentially the same racial traits and innate psychology as the majority of the inhabitants of the Christian provinces. Investigations of Professor Beyer and others show that the Filipino blend type is developing steadily in all parts of the Islands—regardless of linguistic, religious, and cultural differences. Such studies forecast the steady growth of an harmonious and blended Filipino race that will one day be characteristic throughout the Islands.

On the cultural side, there will be need for much patient and tolerant consideration in dealing with the pagan and non-Christian groups. A policy of gradual education and improvement of economic conditions, however, will eventually bring about cultural amalgamation—and develop a strong and unified Philippine population.

GOVERNMENTAL FINANCE

This gratifying and remarkable expansion in the natural economy is reflected also in the parallel story of governmental finances. Let us look at a few figures. Excluding bond issues, the total revenues in all funds of the Central Government in 1901 amounted to f*21,532,-4.90. They rose to a high peak of F92,783,I73.70 in the boom year o£ 1929, In the last fiscal year (1934) they totaled Py8,674,-

751-33;

Provincial revenues increased during the same period from ^2,410,437.16 to ^24,385,978.07 in 1934, reaching an all-time high of 1*30,889,071.38 in 1930.

In municipal and city governments, revenues increased from